

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 09 FORECAST

(In Million \$)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 5/9/2008	Proposed DOA Forecast 12/15/08	Proposed LFO Forecast 12/15/08	OPB +(-) Official Forecast	LFO +(-) Official Forecast
Alcoholic Beverage	19.0	19.8	19.0	0.8	-
Beer	36.5	36.3	36.5	(0.2)	-
Corporate Franchise	261.7	211.7	202.3	(50.0)	(59.4)
Corporate Income	706.8	635.0	679.0	(71.9)	(27.8)
<i>Total Corp Fran. & Inc.</i>	968.5	846.6	881.3	(121.9)	(87.2)
Gasoline & Special Fuels	595.0	600.4	587.6	5.4	(7.4)
Gift	-	0.5	0.5	0.5	0.5
Hazardous Waste	4.5	4.1	3.1	(0.4)	(1.4)
Individual Income	2,873.1	2,941.1	2,831.0	68.0	(42.1)
Inheritance	1.4	1.0	1.4	(0.4)	-
Natural Gas Franchise	5.0	5.5	5.4	0.5	0.4
Public Utilities	5.0	16.0	18.0	11.0	13.0
Auto Rental Excise	5.5	5.7	5.0	0.2	(0.5)
Sales Tax - General	2,891.2	2,841.4	2,841.2	(49.8)	(50.0)
Severance	973.0	893.0	854.0	(80.0)	(119.0)
Special Fuels	-	-	-	-	-
Supervision/Inspection Fee	7.0	6.6	8.6	(0.4)	1.6
Tobacco	141.3	143.6	142.7	2.3	1.4
Unclaimed Property	32.0	29.4	32.0	(2.6)	-
Miscellaneous Receipts	6.5	6.8	6.5	0.3	0.0
Total-Dept. of Revenue	8,564.5	8,397.7	8,273.8	-166.8	-290.7
Royalties	723.0	606.1	622.0	(116.9)	(101.0)
Rentals	24.6	17.2	19.0	(7.4)	(5.6)
Bonuses	24.0	129.0	124.0	105.0	100.0
Mineral Interest	1.0	1.8	2.0	0.8	1.0
Total-Natural Res.	772.6	754.1	767.0	(18.4)	(5.6)
Interest Earnings (SGF)	150.0	156.1	150.0	6.1	-
Interest Earnings (TTF)	15.0	8.0	10.0	(7.0)	(5.0)
Var. Agy. Receipts	32.3	35.0	44.3	2.7	12.0
Agency SGR Over-Collections	18.3	20.0	19.8	1.7	1.5
Bond Reimbursements	4.3	3.9	3.9	(0.4)	(0.4)
Quality Ed. Support Fund	65.0	67.8	70.0	2.8	5.0
Lottery Proceeds	128.7	129.0	129.0	0.3	0.3
Land-based Casino	90.0	90.2	82.0	0.2	(8.0)
Tobacco Settlement	76.7	76.7	76.7	-	-
DHH Provider Fees	106.3	109.9	109.9	3.6	3.6
Total Treasury	686.7	696.7	695.6	10.0	8.9
Excise License	350.7	347.0	337.5	(3.7)	(13.2)
Ins. Rating Fees (SGF)	54.9	53.0	53.0	(1.9)	(1.9)
Total-Insurance	405.6	400.0	390.5	-5.6	-15.1
Misc. DPS Permits & ABC Permits	11.4	11.5	8.6	0.1	(2.8)
Titles	24.2	22.1	18.7	(2.2)	(5.5)
Vehicle Licenses	94.0	96.4	77.0	2.4	(17.0)
Vehicle Sales Tax	346.1	287.2	260.3	(58.9)	(85.8)
Riverboat Gaming	385.0	385.4	380.0	0.4	(5.0)
Racetrack slots	57.0	58.5	57.0	1.5	-
Video Draw Poker	210.0	212.8	210.0	2.8	-
Total-Public Safety	1,127.8	1,074.0	1,011.6	-53.8	-116.2
Total Taxes, Lic., Fees	11,557.1	11,322.5	11,138.5	-234.6	-418.6
<i>Less: Dedications</i>	<i>(1,854.5)</i>	<i>(1,843.0)</i>	<i>(1,777.0)</i>	11.5	77.5
<i>Less: NOW Waiver Fund Allocation</i>					
STATE GENERAL FUND REVENUE - DIRECT	9,702.5	9,479.5	9,361.5	-223.1	-341.0
Oil Price (\$/barrel)	\$84.23	\$71.00	\$68.16	(\$13.23)	(\$16.07)

ADOPTED

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FISCAL YEAR 09 FORECAST

(In Million \$)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 5/9/2008	Proposed DOA Forecast 12/15/08	Proposed LFO Forecast 12/15/08	OPB +(-) Official Forecast	LFO +(-) Official Forecast
Motor Fuels/Veh Sales Tax-TTF	510.6	509.0	470.1	(1.6)	(40.5)
Motor Vehicles Lic. - TTF	39.5	42.6	33.9	3.1	(5.6)
Aviation Tax - TTF	9.7	9.7	9.7	-	-
TTF/Interest and Fees	39.5	33.0	38.4	(6.5)	(1.1)
Motor Fuels - TIME Program	119.0	120.1	117.5	1.1	(1.5)
Motor Veh.Lic - Hwy Fund #2	11.0	11.2	8.9	0.2	(2.1)
State Highway Improvement Fund	32.2	32.0	25.3	(0.2)	(6.9)
Severance Tax -Parishes	47.2	41.3	38.4	(5.9)	(8.8)
Severance Tax - Forest Prod. Fund	3.4	2.9	3.0	(0.5)	(0.4)
Royalties - Parishes	72.3	60.6	62.2	(11.7)	(10.1)
Royalties-DNR/AG Support Fund	2.6	2.3	2.6	(0.3)	-
Wetlands Fund	37.4	35.8	35.0	(1.6)	(2.4)
Mineral Audit Settlement Fund	0.0	0.0	0.0	-	-
Quality Ed. Support Fund	65.0	67.8	70.0	2.8	5.0
LA Econ Dev Port Dev Infra Fund	0.0		0.0	-	-
Sales Tax Econ. Development	14.1	14.1	13.7	(0.0)	(0.4)
Tourist Promotion District	24.3	23.5	23.3	(0.8)	(1.0)
Excise Lic. - 2% Fire Ins.	18.8	17.6	17.1	(1.2)	(1.7)
Excise Lic. -Fire Mars. Fd.	14.6	12.3	12.0	(2.3)	(2.6)
Excise Lic. - LSU Fire Tr.	2.9	2.5	2.4	(0.5)	(0.5)
Insurance Fees	54.9	53.0	53.0	(1.9)	(1.9)
State Police Salary Fund	15.6	15.6	15.6	-	-
Video Draw Poker	64.2	65.2	65.3	1.0	1.1
Racetrack Slots	25.6	26.7	27.7	1.1	2.1
Lottery Proceeds Fund	128.2	128.5	128.5	0.3	0.3
SELF Fund	171.7	172.2	163.2	0.5	(8.5)
Riverboat 'Gaming' Enforce.	61.6	61.7	57.8	0.1	(3.8)
Compulsive Gaming Fund	2.5	2.5	2.5	-	-
Stabilization Fund	0.0	0.0	0.0	-	-
Hazardous Waste Funds	4.5	4.1	3.1	(0.4)	(1.4)
Supervision/Inspection Fee	7.0	6.6	8.6	(0.4)	1.6
Insp. Fee/Gasoline, Ag. Petr. Fund	5.1	5.4	5.1	0.3	(0.0)
Tobacco Settlement	76.7	76.7	76.7	-	-
Tob Tax Health Care Fd / Reg Enf Fd	41.6	43.1	42.7	1.5	1.1
Rapid Response Fund/Econ Dev	10.0	8.8	8.8	(1.2)	(1.2)
Rapid Response Fund/Workforce		10.0	10.0	10.0	10.0
Unclaimed Property / I-49	15.0	15.0	15.0	-	-
Capitol Tech		0.0	0.0	-	-
DHH Provider Fees	106.3	109.9	109.9	3.6	3.6
Total Dedications	1,854.5	1,843.0	1,777.0	-11.5	-77.5

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 10 FORECAST

(In Million \$)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 5/9/2008	Proposed DOA Forecast 12/15/08	Proposed LFO Forecast 12/15/08	OPB +(-) Official Forecast	LFO +(-) Official Forecast
Alcoholic Beverage	19.0	20.2	19.0	1.2	-
Beer	36.5	36.1	36.5	(0.4)	-
Corporate Franchise	219.4	184.9	120.0	(34.5)	(99.4)
Corporate Income	622.0	554.6	498.5	(67.5)	(123.5)
<i>Total Corp Fran. & Inc.</i>	841.4	739.4	618.5	(102.0)	(222.9)
Gasoline & Special Fuels	604.0	600.4	582.0	(3.6)	(22.0)
Gift	0.0	-	-	-	-
Hazardous Waste	4.5	4.0	3.1	(0.5)	(1.4)
Individual Income	2,916.2	2,458.0	2,519.0	(458.2)	(397.2)
Inheritance	1.4	1.0	1.4	(0.4)	-
Natural Gas Franchise	5.0	5.6	5.4	0.6	0.4
Public Utilities	5.0	5.1	5.0	0.1	-
Auto Rental Excise	5.5	5.8	5.0	0.3	(0.5)
Sales Tax - General	2,794.2	2,620.9	2,703.5	(173.3)	(90.7)
Severance	928.0	788.5	809.0	(139.5)	(119.0)
Special Fuels		-		-	-
Supervision/Inspection Fee	7.0	6.6	8.6	(0.4)	1.6
Tobacco	140.9	141.1	141.5	0.2	0.6
Unclaimed Property	32.0	30.7	32.0	(1.3)	-
Miscellaneous Receipts	6.5	6.9	6.5	0.4	-
Total-Dept. of Revenue	8,347.0	7,470.2	7,496.0	-876.8	-851.1
Royalties	614.0	442.6	393.0	(171.4)	(221.0)
Rentals	20.9	13.3	19.0	(7.6)	(1.9)
Bonuses	24.0	18.0	12.0	(6.0)	(12.0)
Mineral Interest	1.0	1.8	1.0	0.8	-
Total-Natural Res.	659.9	475.7	425.0	(184.1)	(234.9)
Interest Earnings (SGF)	130.0	124.9	130.0	(5.1)	-
Interest Earnings (TTF)	14.0	8.0	10.0	(6.0)	(4.0)
Var. Agy. Receipts	32.3	35.0	44.3	2.7	12.0
Agency SGR Over-Collections	18.3	18.1	19.8	(0.2)	1.5
Bond Reimbursements	4.3	3.9	3.9	(0.4)	(0.4)
Quality Ed. Support Fund	65.0	67.8	65.0	2.8	-
Lottery Proceeds	123.0	124.0	123.0	1.0	-
Land-based Casino	90.0	90.2	82.0	0.2	(8.0)
Tobacco Settlement	81.5	81.5	81.5	-	-
DHH Provider Fees	106.3	108.1	108.1	1.8	1.8
Total Treasury	664.8	661.5	667.6	-3.2	2.8
Excise License	363.0	373.4	359.0	10.4	(4.0)
Ins. Rating Fees (SGF)	57.1	55.8	55.1	(1.3)	(2.0)
Total-Insurance	420.1	429.2	414.1	9.1	-6.0
Misc. DPS Permits & ABC Permits	12.7	11.6	8.7	(1.1)	(4.0)
Titles	26.5	19.8	19.1	(6.7)	(7.4)
Vehicle Licenses	97.0	97.6	78.6	0.6	(18.4)
Vehicle Sales Tax	353.4	241.3	265.0	(112.1)	(88.4)
Riverboat Gaming	381.0	377.8	380.0	(3.2)	(1.0)
Racetrack slots	57.0	58.5	57.0	1.5	-
Video Draw Poker	210.0	210.2	210.0	0.2	-
Total-Public Safety	1,137.6	1,016.7	1,018.4	-121.0	-119.2
Total Taxes, Lic., Fees	11,229.4	10,053.3	10,021.1	-1,176.0	-1,208.3
<i>Less: Dedications</i>	<i>(1,903.4)</i>	<i>(1,869.9)</i>	<i>(1,828.1)</i>	<i>33.5</i>	<i>75.3</i>
<i>Less: NOW Waiver Fund Allocation</i>	<i>0.0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
STATE GENERAL FUND REVENUE - DIRECT	9,325.9	8,183.5	8,193.0	-1,142.5	-1,133.0
Oil Price (\$/barrel)	\$72.17	\$51.00	\$56.74	(\$21.17)	(\$15.43)

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 10 FORECAST

(In Million \$)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 5/9/2008	Proposed DOA Forecast 12/15/08	Proposed LFO Forecast 12/15/08	OPB +(-) Official Forecast	LFO +(-) Official Forecast
Motor Fuels/Veh Sales Tax-TTF	553.9	528.5	518.6	(25.3)	(35.3)
Motor Vehicles Lic. - TTF	40.7	43.1	34.6	2.3	(6.2)
Aviation Tax - TTF	9.7	29.8	29.8	20.1	20.1
TTF/Interest and Fees	38.5	30.0	38.4	(8.5)	(0.1)
Motor Fuels - TIME Program	120.8	120.1	116.4	(0.7)	(4.4)
Motor Veh.Lic - Hwy Fund #2	11.3	11.3	9.1	0.0	(2.2)
State Highway Improvement Fund	44.3	43.2	34.4	(1.2)	(9.9)
Severance Tax -Parishes	50.2	36.6	36.4	(13.6)	(13.8)
Severance Tax - Forest Prod. Fund	3.4	2.7	3.0	(0.7)	(0.4)
Royalties - Parishes	61.4	44.3	39.3	(17.1)	(22.1)
Royalties-DNR/AG Support Fund	2.6	2.3	2.6	(0.3)	-
Wetlands Fund	34.4	28.5	28.0	(5.9)	(6.4)
Mineral Audit Settlement Fund	0.0	0.0	0.0	-	-
Quality Ed. Support Fund	65.0	67.8	65.0	2.8	-
LA Econ Dev Port Dev Infra Fund	0.0		0.0	-	-
Sales Tax Econ. Development	13.7	12.9	13.2	(0.8)	(0.6)
Tourist Promotion District	23.6	21.5	22.3	(2.1)	(1.3)
Excise Lic. - 2% Fire Ins.	20.5	18.9	18.2	(1.6)	(2.3)
Excise Lic. -Fire Mars. Fd.	15.9	13.2	12.7	(2.7)	(3.2)
Excise Lic. - LSU Fire Tr.	3.2	2.6	2.5	(0.5)	(0.6)
Insurance Fees	57.1	55.8	55.1	(1.3)	(1.9)
State Police Salary Fund	15.6	15.6	15.6	-	-
Video Draw Poker	64.2	63.5	65.3	(0.7)	1.1
Racetrack Slots	25.6	26.7	27.7	1.1	2.1
Lottery Proceeds Fund	122.5	123.5	122.5	1.0	-
SELF Fund	170.8	170.2	163.2	(0.6)	(7.6)
Riverboat 'Gaming' Enforce.	61.0	61.7	57.8	0.7	(3.2)
Compulsive Gaming Fund	2.5	2.5	2.5	-	-
Stabilization Fund	0.0	0.0	0.0	-	-
Hazardous Waste Funds	4.5	4.0	3.1	(0.5)	(1.4)
Supervision/Inspection Fee	7.0	6.6	8.6	(0.4)	1.6
Insp. Fee/Gasoline, Ag. Petr. Fund	5.2	5.4	5.2	0.2	(0.0)
Tobacco Settlement	81.5	81.5	81.5	-	-
Tob Tax Health Care Fd / Reg Enf Fd	41.5	42.3	42.4	0.9	0.9
Rapid Response Fund/Econ Dev	10.0	10.0	10.0	-	-
Rapid Response Fund/Workforce		10.0	10.0	10.0	10.0
Unclaimed Property / I-49	15.0	15.0	15.0	-	-
Capitol Tech		10.0	10.0	10.0	10.0
DHH Provider Fees	106.3	108.1	108.1	1.8	1.8
Total Dedications	1,903.4	1,869.9	1,828.1	-33.5	-75.3

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 10-12 FORECAST

(In Million \$)

	ADOPTED LFO FY11	ADOPTED LFO FY12	ADOPTED LFO FY13
REVENUE SOURCE / Dedications	12/15/08	12/15/08	12/15/08
Alcoholic Beverage	19.0	19.0	19.0
Beer	36.5	36.5	36.5
Corporate Franchise	59.5	72.1	73.8
Corporate Income	430.6	483.6	522.3
<i>Total Corp Fran. & Inc.</i>	490.1	555.7	596.1
Gasoline & Special Fuels	595.0	608.0	618.0
Gift	0.0	0.0	0.0
Hazardous Waste	3.1	3.1	3.1
Individual Income	2,686.0	2,788.0	2,893.0
Inheritance	1.4	1.4	1.4
Natural Gas Franchise	5.4	5.4	5.4
Public Utilities	5.0	5.0	5.0
Auto Rental Excise	5.0	5.0	5.0
Sales Tax - General	2,760.5	2,863.5	2,961.4
Severance	747.0	765.0	767.0
Special Fuels			
Supervision/Inspection Fee	8.6	8.6	8.6
Tobacco	141.1	140.8	140.5
Unclaimed Property	32.0	32.0	32.0
Miscellaneous Receipts	6.5	6.5	6.5
Total-Dept. of Revenue	7,542.1	7,843.4	8,098.4
Royalties	427.0	428.0	428.0
Rentals	19.0	19.0	19.0
Bonuses	12.0	12.0	12.0
Mineral Interest	1.0	1.0	1.0
Total-Natural Res.	459.0	460.0	460.0
Interest Earnings (SGF)	110.0	90.0	70.0
Interest Earnings (TTF)	10.0	10.0	10.0
Var. Agy. Receipts	44.3	44.3	44.3
Agency SGR Over-Collections	19.8	19.8	19.8
Bond Reimbursements	3.9	3.9	3.9
Quality Ed. Support Fund	65.0	65.0	65.0
Lottery Proceeds	123.0	123.0	123.0
Land-based Casino	85.0	90.0	90.0
Tobacco Settlement	86.5	91.8	91.8
DHH Provider Fees	108.0	108.0	108.0
Total Treasury	655.5	645.8	625.8
Excise License	382.0	398.0	414.0
Ins. Rating Fees (SGF)	57.3	59.6	62.0
Total-Insurance	439.3	457.6	476.0
Misc. DPS Permits & ABC Permits	9.5	10.3	10.4
Titles	20.8	22.4	22.6
Vehicle Licenses	86.4	94.6	95.5
Vehicle Sales Tax	289.0	311.0	314.0
Riverboat Gaming	380.0	380.0	380.0
Racetrack slots	57.0	57.0	57.0
Video Draw Poker	210.0	210.0	210.0
Total-Public Safety	1,052.7	1,085.3	1,089.5
Total Taxes, Lic., Fees	10,148.6	10,492.0	10,749.7
<i>Less: Dedications</i>	<i>(1,895.7)</i>	<i>(2,002.5)</i>	<i>(2,098.6)</i>
<i>Less: NOW Waiver Fund Allocation</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
STATE GENERAL FUND REVENUE - DIRECT	8,252.9	8,489.5	8,651.1
Oil Price (\$/barrel)	\$59.43	\$61.51	\$64.24
	ADOPTED	ADOPTED	ADOPTED

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 10-12 FORECAST

(In Million \$)

REVENUE SOURCE / Dedications	ADOPTED LFO FY11 12/15/08	ADOPTED LFO FY12 12/15/08	ADOPTED LFO FY13 12/15/08
Motor Fuels/Veh Sales Tax-TTF	562.7	641.9	729.9
Motor Vehicles Lic. - TTF	38.0	41.6	42.0
Aviation Tax - TTF	29.8	29.8	29.8
TTF/Interest and Fees	38.4	38.4	38.4
Motor Fuels - TIME Program	119.0	121.6	123.6
Motor Veh.Lic - Hwy Fund #2	10.0	11.0	11.1
State Highway Improvement Fund	37.8	41.4	41.8
Severance Tax -Parishes	33.6	34.4	34.5
Severance Tax - Forest Prod. Fund	3.0	3.0	3.0
Royalties - Parishes	42.7	42.8	42.8
Royalties-DNR/AG Support Fund	2.6	2.6	2.6
Wetlands Fund	27.5	27.8	27.9
Mineral Audit Settlement Fund	0.0	0.0	0.0
Quality Ed. Support Fund	65.0	65.0	65.0
LA Econ Dev Port Dev Infra Fund	0.0	0.0	0.0
Sales Tax Econ. Development	13.5	14.1	14.5
Tourist Promotion District	22.9	23.8	24.6
Excise Lic. - 2% Fire Ins.	19.3	20.1	21.0
Excise Lic. -Fire Mars. Fd.	13.5	14.1	14.7
Excise Lic. - LSU Fire Tr.	2.7	2.8	2.9
Insurance Fees	57.3	59.6	62.0
State Police Salary Fund	15.6	15.6	15.6
Video Draw Poker	65.3	65.3	65.3
Racetrack Slots	27.7	27.7	27.7
Lottery Proceeds Fund	122.5	122.5	122.5
SELF Fund	166.2	171.2	171.2
Riverboat 'Gaming' Enforce.	57.8	57.8	57.8
Compulsive Gaming Fund	2.5	2.5	2.5
Stabilization Fund	0.0	0.0	0.0
Hazardous Waste Funds	3.1	3.1	3.1
Supervision/Inspection Fee	8.6	8.6	8.6
Insp. Fee/Gasoline, Ag. Petr. Fund	5.2	5.3	5.4
Tobacco Settlement	86.5	91.8	91.8
Tob Tax Health Care Fd / Reg Enf Fd	42.3	42.2	42.1
Rapid Response Fund/Econ Dev	10.0	10.0	10.0
Rapid Response Fund/Workforce	10.0	10.0	10.0
Unclaimed Property / I-49	15.0	15.0	15.0
Capitol Tech	10.0	10.0	10.0
DHH Provider Fees	108.0	108.0	108.0
Total Dedications	1,895.7	2,002.5	2,098.6

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Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE
December 15, 2008

State General Fund Revenue Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
Revenue	\$10,171	\$9,361	\$8,193	\$8,253	\$8,490	\$8,651
Forecast Change		-\$341	-\$1,133	-\$1,085	-\$858	na
Yr/Yr \$ Chg.		-\$810	-\$1,168	\$60	\$237	\$161
Yr/Yr % Chg.		-8.0%	-12.5%	0.7%	2.9%	1.9%

The fiscal years after hurricanes Katrina & Rita were broadly characterized by three step-ups in major revenue sources. In FY06, the year of the storms, sales taxes surged and total general fund receipts grew 12.3%. In FY07 personal and corporate income taxes surged and receipts grew 16.6%. In FY08 mineral revenue surged but total receipts only grew by 5.2%, reflecting a moderating recovery from the storms and an approaching national recession. As energy prices have dropped sharply and a national recession takes hold and turns global in scope, FY09 receipts will likely fall more than already anticipated by a post-storm recovery slowdown, and FY10 receipts will be affected even more. Much of the revenue reductions come in mineral revenue due to falling prices and shut-in production resulting from hurricanes Gustav & Ike early in FY09. Additional reductions come in those revenue sources most sensitive to economic conditions, namely corporate & personal income taxes and sales taxes. These reductions get carried over into FY10 and beyond in varying degrees, and are amplified by the passage of a personal income tax reduction (bracket expansion) that first impacts FY10 and is now being incorporated into the revenue forecasts. Revenue growth turns modestly positive in FY11 and accelerates into FY12 and FY13.

Risks to the forecast are predominately to the downside. The length and depth of the national/global recession will heavily influence the state's economic performance and the price of energy resources. Even if the energy sector stabilizes, the economic sensitive revenue sources of corporate, income, and sales taxes can see further erosion. These revenue areas comprise over 60% of the state's tax mix, and small deterioration results in material revenue losses.

Oil and Gas Price Forecast

	FY08	FY09	FY10	FY11	FY12	FY13
Oil \$/bbl, WTI	\$97.00	\$68.16	\$56.74	\$59.43	\$61.51	\$64.24
Forecast Change		-\$16.07	-\$15.43	-\$9.03	-\$6.12	na
Gas \$/mmbtu, HH	\$8.28	\$6.42	\$6.56	\$6.56	\$6.56	\$6.56
Forecast Change		-\$2.30	-\$1.80	-\$1.29	-\$1.35	na
Gas Sev. Tax Rate ¢/mcf	26.9¢	28.8¢	32.2¢	23.8¢	26.3¢	26.3¢

Oil prices had been rising since as far back as late 2001, with the sharpest run-up (more than doubling) beginning in early 2007 and peaking in mid-July 2008 around \$148/bbl. In just the five months since then prices have dropped over \$100/bbl, and are currently hovering in the mid-\$40s/bbl range (last seen in early 2005). These kinds of price movements make the oil price forecast a big question and risk, especially for FY10 and beyond. A similar story can be told concerning natural gas prices. The oil & gas price forecasts above for FY09 & FY10 are an average of forecasts made by Moody's Economy.com, the federal Energy Information Administration, and the low price case of the state Department of Natural Resources. Both price projections have been materially decreased since the last forecast, with the out-year periods for oil rising modestly and those for gas held constant. This oil price cycle has been largely world demand driven (both upside and downside), but some unknown amount of price change is likely attributable to geopolitical risk premiums, U.S. dollar exchange rate movements, and old fashion commodity speculation. Since natural gas prices are more regionally determined and weather related, they seem to have been along for the ride with oil prices (although an increasing amount of international trading of gas is occurring). Given these influences, considerable uncertainty is always associated with the oil & gas price forecasts. Natural gas severance tax rates for each fiscal year are determined by the average gas price during the twelve month period ending in the month of March prior to the start of a new fiscal year. Thus, the FY09 tax rate is already fixed, while the table displays projected tax rates in FY10 – FY13 based on the gas price projections for the relevant periods. These new projected tax rates are as much as 5¢ - 6¢ lower than last projected.

Severance and Royalty Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
Severance & Royalty	\$1,853	\$1,476	\$1,202	\$1,174	\$1,193	\$1,195
Forecast Change		-\$220	-\$340	-\$277	-\$235	na

In-state jurisdiction oil & gas production essentially recovered to its pre-Katrina/Rita path within a year of the storms while prices continued to rise through FY08, resulting in record high mineral revenue receipts. While energy prices have fallen sharply since the summer of 2008, long-run production declines in both oil & gas have flattened. In addition, prices exceeded the forecast early in the fiscal year, and the roughly two month lag between the production/sale month and the tax receipts month means that it is largely the second half of the fiscal year which will experience lower mineral revenue receipts. The interaction of price changes, gas severance tax effects, updated production, and additional collections data results in the materially lower revenue forecasts depicted in the table above.

Some comment should be included concerning the effects of the Haynesville Shale development in northwest quadrant of the state. While this type of formation holds potentially very large amounts of natural gas, the fiscal benefits of production were not likely to be material for some two, three, or more years in the future, even before natural

gas prices dropped sharply in the late summer and early fall. With lower gas prices currently and projected into the future, development of this formation will be slowed down. Only about 14 wells are currently producing, and wells in this formation benefit from an exemption to the severance tax for a portion of their production (possibly a large portion). The state has received about \$100 million more lease bonus receipts in FY09 than originally anticipated (and about \$35 million in FY08), but that is likely to be most if not all that can be expected during the current price environment. Unfortunately, production shut-in during hurricanes Gustav and Ike this year will result in revenue losses that essentially negate the Haynesville bonus receipts.

As a cautionary note, with the Stabilization Fund filled, all mineral revenue volatility over a threshold of approximately \$950 million directly affects the state general fund. Finally, royalty collections available to the state general fund are reduced by some \$13 million per year starting in FY09 as receipts from the Attakapas Wildlife Management Area are formally dedicated to the Conservation Fund for use by the Department of Wildlife and Fisheries.

Sales Tax Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
General	\$2,864	\$2,841	\$2,704	\$2,761	\$2,864	\$2,961
Forecast Change		-\$50	-\$91	-\$128	-\$117	na
Vehicle	\$342	\$260	\$365	\$289	\$311	\$314
Forecast Change		-\$86	-\$88	-\$72	-\$57	na
1% Busi. Utils.		-\$69	-\$68	-\$68	-\$68	-\$68
Business Utilities			-\$156	-\$156	-\$156	-\$156
Other Susps Expire			-\$32	-\$32	-\$32	-\$32

The big surge year for both general and vehicle sales tax was FY06, the fiscal year of the storms, with growth of 17.2% and 29.2%, respectively, as many possessions were replaced immediately after the storms. Growth in the combined general & vehicle sales tax slowed in FY07 to 3%, and slowed even more in FY08 to 0.3%. It has been a surprising plus to revenue collections that positive growth continued in FY07 and FY08 from the very large step-up in FY06, but that growth appears headed to negative numbers in FY09 and FY10 as the oil & gas sector dampens and the national recession takes hold. The scheduled tax reductions noted below and in the table above combined with the weakening economy will take this tax to a nearly 1% drop in FY09 and a nearly 5% drop in FY10. Further reductions in this revenue source are possible depending on the length and severity of the national recession, and the continuation of energy price weakness.

The forecast accounts for the 1% reduction in the business utilities sales tax rate enacted in the recent 2008ES2 session, and already accounted for the scheduled drop of this tax rate on business utilities to 1% (from 3.3%) in FY10, as well as the scheduled drop of the

tax rate on all other suspended exemptions to 1% (from 4%) at the same time. The acceleration of the phase-out of tax on manufacturing machinery & equipment is accounted for in FY10 (an additional \$4 million), as well as the scheduled phase-out up to then (albeit at a significantly reduced level). Other than scheduled changes, forecast revisions are entirely associated with economic base considerations.

Vehicle replacement peaked by the middle of FY07 and that year finished with a 5.5% drop which continued through FY08 with another 4.9% drop. While a reversal of those post-storm replacement declines was expected this fiscal year (FY09) and beyond, the national recession and energy sector turn-around has quickly driven these receipts down by 19% so far in FY09. The forecast projects even more decline in FY09 (nearly 24%) before year-over-year growth returns in FY10 and beyond. Relative to the previous forecast, though, even the return to growth is at materially lower levels. While the Louisiana economy is somewhat shielded from the severity of economic problems afflicting the rest of the country, when it come to the largest consumer durable purchase (automobiles), Louisiana households are very much like the rest of the nation.

Personal Income Tax Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
Income Tax	\$3,169	\$2,831	\$2,519	\$2,686	\$2,788	\$2,893
Forecast Change		-\$42	-\$397	-\$360	-\$398	na
Expand Brackets			-\$359	-\$251	-\$262	-\$273
Excess Itemized	-\$157	-\$190	-\$308	-\$332	-\$357	-\$384
Earned Income Credit		-\$41	-\$41	-\$41	-\$41	-\$41
Tuition Deduction			-\$23	-\$25	-\$26	-\$27
Insurance Credit		-\$92				

Collections held up in storm year FY06 (4.6%) due to withholding strength, but the surge really occurred in FY07 with 29.7% growth due to deferred payment catch up, low unemployment, wage growth, and oil & gas sector gains. Growth slowed in FY08 as recovery surge moderated, and year finished down 2.7% as first phase (57.5%) of excess itemized deduction give back occurred. FY09 is currently 6% - 13% below FY08 as storm recovery fades and employment growth slows. A slowing economy will cut underlying base growth to -5.3% while phase two (65%) of the excess itemized deduction giveback, a new earned income tax credit, and a one-time credit for a portion of insurance premiums will take the tax down a total of 10.7% in FY09.

While base performance may improve modestly in FY10 and beyond, phase three (100%) of the excess itemized deduction, a new deduction for school tuition & uniforms, and especially the bracket expansion of the 2008 regular session will work to cut this tax another 11% in FY10. Already built into the baseline forecast is approximately \$75 million per year of film production tax credits, approximately \$50 million per year of

Citizens assessment credits, and a modest portion of the film infrastructure tax credit exposure.

This tax has been a strong suit of the state's revenue base, exhibiting remarkable resiliency in the post-storm period. The various tax breaks granted against it will work to not only keep it permanently lower than it would otherwise be, but will also likely slow its overall growth rate. In addition, the length and depth of the national recession and its spillover to Louisiana will be a major influence on the likelihood of further reductions in the underlying base of this tax over the next few forecasting periods.

Corporate Tax Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
Revenue	\$940	\$881	\$619	\$490	\$556	\$596
Forecast Change		-\$87	-\$223	-\$268	-\$249	na
Borrowed Capital	-\$68	-\$90	-\$113	-\$161	-\$161	-\$161

After four years of growth, corporate collections appeared to have peaked for this cycle in FY07 at \$1.052 billion, by far a record high in absolute dollar terms. This essentially doubled approximately twenty years of a norm of \$400 million to \$600 million per year. Three of those years experienced double-digit growth as high as 51%. This very strong performance was driven by global economic growth, oil price increases, and U.S. dollar exchange rate declines benefiting the broadly defined energy sector and exporters in the state.

However, this streak ended in FY08 with a drop of \$113 million (-11%), and this weakness appears to be extending into FY09 and through FY11 before turning around. National economic growth has slowed considerably, reflected in a year-old confirmed recession, and pulling corporate profits down. Global economies are also slowing or already in recession, as well. The dollar exchange value is still weak but has ceased its freefall, and oil prices have dropped dramatically. All these factors work to pull down the corporate forecast, especially in FY10 and beyond.

Cash basis collections through November are 20% lower than last fiscal year, but only 1.4% down on an accrual basis. Even with year-to-date information the degree of confidence that can be placed on corporate forecasts is fairly low. Monthly receipt variation within the year makes it difficult to identify current trending, while cash and accrual year-to-date tracking can be widely divergent. However both tracks indicate falling collections, and the FY09 forecast has been reduced materially.

Baseline forecasts already account for about \$35 million per year of film production tax credits and a modest amount of infrastructure credit, and for the continuing (and accelerated) phase-out of franchise tax on borrowed capital, along with various other tax reductions such as the New Markets Tax Credits and the child care tax credit package.

On both the upside and downside, caution is always advised with corporate forecasts due to the highly volatile characteristics of these receipts. Double-digit annual growth and declines do occur. In addition, roughly one-half to two-thirds of these revenues are collected in the last quarter of fiscal year. The risks to this revenue source are likely to the downside, though, depending on the length and depth of the national and global recession.

Gaming Revenue Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
All Gaming	\$888	\$858	\$852	\$855	\$860	\$860
Forecast Change		-\$13	-\$9	\$3	\$7	na

Gaming in general is a fairly stable revenue source, exhibiting sharp changes only when institutional changes occur such as when new venues open or close, or tax rates or bases are changed. Only minor changes to the sector's total forecast are recommended at this time, reflecting developing weakness in riverboat and land-based casino performance. Hurricanes Gustav and Ike may have dampened performance this fall, but these components of the state's gaming offerings do not appear to have bounced back to pre-storms levels. In addition, these components are dominated by out-of-state visitors (day-trippers and destination travelers) that are most likely to cut back on this spending as economic conditions worsen. Other components, video poker and racetrack slots continue to grow this fiscal year, but the existing forecast for these components has not been changed in anticipation of the threat to them in the second half of the fiscal year.

Premium Tax Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
Revenue	\$323	\$338	\$359	\$382	\$398	\$414
Forecast Change		-\$13	-\$4	\$5	\$7	na

Premium tax collections have performed well in the post-storm period, growing by 4.9% in the fiscal year of the storms (FY06) then surging 33.3% in FY07, and a strong but slower 13% in FY08 as higher premiums began to be imposed. Collections growth has continued in FY08, in the 10% - 12% range, but model forecasts of this revenue source suggest that annual growth will finish in the 5% - 7% range, this year and subsequent years. In addition, net collections continue to benefit from declining tax credits. While basic investment tax credits tend to grow steadily (although FY08 saw a dip), credits for insurance guaranty assessments are flat or declining, and CAPCO credits continue their scheduled phase-down. A weakening economy should soften underlying base performance in the near-term.

Motor Fuels Tax Forecast
(millions of \$)

	FY08	FY09	FY10	FY11	FY12	FY13
Revenue	\$600	\$588	\$582	\$595	\$608	\$618
Forecast Change		-\$7	-\$22	-\$20	-\$16	na

Combined gasoline and special fuels (diesel) performed well in the post-storm period, of FY06 and FY07, growing by 3.0% and 2.3%, respectively. As FY08 developed collections slowed significantly (at one point over 7% down year-to-date) before finishing better than expected at only 1% down. Collections were quite strong through September of this fiscal year (possibly Gustav/Ike related), as well, before turning in two consecutive weak months. While collections through November are 6.3% ahead of prior year on a cash basis, they are barely growing at 0.5% on an accrual basis. A weakening economic outlook supports a FY09 drop of 2.1% and another 1% drop in FY10, with consequent lower levels of expected tax collections throughout the forecast horizon. Growth returns in FY11 and beyond in the 2% range. Risks to this outlook would be the length and depth of the national recession and its bleed over to Louisiana, curtailing consumer, business, and trucking transportation activity. Although, pump prices are down sharply from their summer month historic peaks, the lack of driving sensitivity to fuel prices works both ways. It will likely take a sustained low price environment to reverse the demand destruction already occurring. Thus, the outlook for fuel tax receipts is for slow growth at best, and likely declines in a weak economy.

New Dedications
(millions of \$)

	FY09	FY10	FY11	FY12	FY13
Rapid Response Fund/Workforce Training	\$10	\$10	\$10	\$10	\$10
Legislative Capitol Technology Enhancement Fund		\$10	\$10	\$10	\$10
Vehicle Sales Tax To TTF Delayed	\$0	\$53	\$87	\$156	\$236
Aviation Sales Tax To TTF		\$20	\$20	\$20	\$20
NOW Opportunities Waiver Fund	\$0	\$?	\$?	\$?	\$?

Significant changes to dedications of state tax revenue since the last official revenue forecast are depicted in the table above. These dedications divert revenue from the state general fund in favor of the uses supported by the particular special fund receiving the dedicated revenue. The most recent dedications occurred in the regular session of 2008, and include the Workforce Training Rapid Response Fund and the Legislative Capitol

Technology Enhancement Fund. The Response Fund receives an amount at the start of each year sufficient to keep its un-obligated balance at \$10 million. The Technology Fund receives \$10 million each year, starting in FY10 (FY08 received an allocation but FY09 is skipped).

It should be noted that while the dedication of vehicle sales tax to the TTF allocates 10% in FY09 (\$26 million), language in that statute (Act 11 of 2008E2) provides for a reduction in the allocation if a deficit is projected due to a decrease in forecast. This forecast contemplates that occurring and consequently no allocation is projected to be made in FY09. In addition, the dedication of sales tax on purchases of aviation fuel will increase from \$9.7 million to \$29.8 million, as per the review process implemented every three years. The NOW Opportunities Waiver Program Fund is also not expected to receive an allocation in FY09, since the revenue forecast is expected to decline relative to the forecast in place at the beginning of the fiscal year.